(c) if so, details thereof and in how many of such cases Government has taken action?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA PATEL): (a) In view of recent decline in the international oil prices, the Government has already reduced the retail selling prices of the sensitive petroleum products on two occasions as indicated below (at Delhi), with corresponding reductions in the rest of the country:

- Effective from 6.12.2008 - Petrol by Rs.5/- per litre and Diesel by Rs.2/- per litre; and
- Effective from 29.1.2009 - Petrol by Rs.5/- per litre, Diesel by Rs.2/- per litre and Domestic LPG by Rs.25/- per cylinder.

The prices of decontrolled petroleum products are fixed by the Public Sector Oil Marketing Companies (OMCs) on the basis of international oil prices and commercial considerations.

(b) to (c) The possibility of adulteration of Petrol/Diesel by some unscrupulous elements cannot be ruled out.

OMCs undertake regular and surprise inspection/of Retail Outlets and also take action under Marketing Discipline Guideline/ (MDG) and Dealership Agreements against those indulging in adulteration and malpractices. MDG provide for termination of dealership in the first instance itself for serious malpractices like adulteration, tampering of seals, and unauthorized fittings/gears in dispensing units.

In order to check adulteration, the Government has taken a number of additional initiatives *viz.*, Automation of Retail Outlets, Third party certification of Retail Outlets, Monitoring of movement of tank trucks through Global Positioning System (GPS), Revision of MDG etc. Details of number of cases of adulteration detected during April - December, 2008 is as under:

2008-09 (April -December, 2008)

Number of cases of adulteration and short deliveries detected	924
Number of Retail Outlets terminated for above irregularities	36

Earnings and debt of OMCS

†185. SHRI LALIT KISHORE CHATURVEDI: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the amount of additional earnings to Oil Marketing Companies (OMCs) following hike in prices of petrol, diesel and LPG in June, 2008 by Government and the amount of alleged loss compensated by this income with details of petrol, diesel and LPG separately;

(b) the amount of debt uncompensated even after this hike, OMC-wise;

(c) the details of the income earned by each OMC during the last year; and

(d) whether there is any rational in keeping the prices at higher level even after heavy decrease in the international prices of oil?

†Original notice of the question was received in Hindi

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA PATEL): (a) In June 2008, when the continuous rise in the international oil prices had resulted in mounting under-recoveries for the Public Sector Oil Marketing Companies (OMCs) on the sale of Petrol, Diesel, PDS Kerosene and Domestic LPG, the Government had marginally increased the retail selling prices (RSPs) of Petrol by Rs.5/- per litre, Diesel by Rs.3/- per litre and Domestic LPG by Rs.50/- per cylinder, with effect from 5.6.2008. As a result of this price increase, the additional income for OMCs was estimated at about Rs.2,135 crore per month. The product-wise details are given below:

(Rs./Crore)

Petrol	525
Diesel	1,315
Domestic LPG	295
TOTAL :	2,135

(b) As the retail selling prices of four sensitive petroleum products namely, Petrol, Diesel, PDS Kerosene and Domestic LPG were not revised in line with increase in the international oil prices, the OMCs incurred under-recoveries of Rs.1,06,215 crore on the sale of these products during the period April-December, 2008. The product-wise details of the under-recoveries are given below:

Under Recovery *	April-December, 2008
PDS Kerosene	25,100
Domestic LPG	16,137
Petrol	6,383
Diesel	58,595
TOTAL :	1,06,215

* (Gross under recoveries without considering oil bonds and upstream assistance.)

These under-recoveries have adversely impacted the financial health of the OMCs on account of increased need for borrowings, resulting in mounting interest liability.

As a result of these huge under-recoveries, the three OMCs - IOC, BPC and HPC have reported a combined loss of Rs.11,094 crore for the period April-December, 2008 against a profit of Rs.9,679 crore in the corresponding period of 2007-08. These losses have accrued even after taking into account Oil Bonds of Rs.60,967 and price discounts of Rs.32,000 given by the Public Sector Upstream oil companies, during the period April-September, 2008.

(c) The profit earned by the OMCs during the year 2007-08 is given below:

(Rs. Crore)

IOC	6,962.58
HPC	1,134.88
BPC	1,580.60
TOTAL :	9,678.06

(d) In view of the recent decline in the international oil prices, the Government has already reduced the RSPs of the said sensitive petroleum products on two occasions as indicated below (at Delhi), with corresponding reductions in the rest of the country;

- Effective from 6.12.2008 - Petrol by Rs.5/- per litre and Diesel by Rs.2/- per litre; and
- Effective from 29.1.2009 - Petrol by Rs.5/- per litre, Diesel by Rs.2/- per litre and Domestic LPG by Rs.25/- per cylinder.

Hike in prices of petroleum products

186. SHRI TARIQ ANWAR: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that prices of petroleum products were hiked in the past due to increase in international crude prices; and

(b) if so, the reasons for prices being not decreased in proportion to reduction in crude prices internationally?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA PATEL): (a) and (b) In June 2008, when the continuous rise in the international oil prices had resulted in mounting under-recoveries for the Public Sector Oil Marketing Companies (OMCs) on the sale of Petrol, Diesel, PDS Kerosene and Domestic LPG, the Government had marginally increased the retail selling prices (RSPs) of Petrol by Rs.5/- per litre, Diesel by Rs.3/- per litre and Domestic LPG by Rs.50/- per cylinder, with effect from 5.6.2008.

In view of the recent decline in the international oil prices, the Government has reduced the RSPs of the said sensitive petroleum products on two occasions as indicated below (at Delhi), with corresponding reductions in the rest of the country:

Effective from 6.12.2008 - Petrol by Rs.5/- per litre and Diesel by Rs.2/- per litre; and

Effective from 29.1.2009 - Petrol by Rs.5/- per litre, Diesel by Rs.2/- per litre and Domestic LPG by Rs.25/- per cylinder.

Taxation of petroleum projects

187. SHRI VIJAY JAWAHARLAL DARDA:
DR. T. SUBBARAMI REDDY:
SHRIMATI SUPRIYA SULE:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether his Ministry is hopeful of resolving issues relating to taxation of petroleum projects with the Finance Ministry in a manner that would not affect investor sentiment for the bidding process of seventh round of New Exploration Licensing Policy;

(b) if so, whether issue was affecting investors and responses for NELP VII and the Petroleum Secretary has pointed out that experience shows that 85-90 per cent of the responses came in during first two days deadline for receipt of exploration bids; and

(c) if so, by what time final decision in this regard is likely to be taken and to what extent it has been helpful?